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CURRENT SERIAL RECORDS

FARM DEBT: FOOLISH PLUNGE? OR INTELLIGENT MONEY MANAGEMENT?

"I don't owe a red cent to anybody" is a boast you don't often hear anymore in farming circles.

And, as a recent study points out, you're less apt to hear it from the bigger farmers. Perhaps all of us yearn for such a status, especially this fall as the costs of borrowed money climb.

Yet, a debt-free status may be a dubious goal—unless your prime aim is to reduce ulcers—since most farmers must go in hock to get ahead.

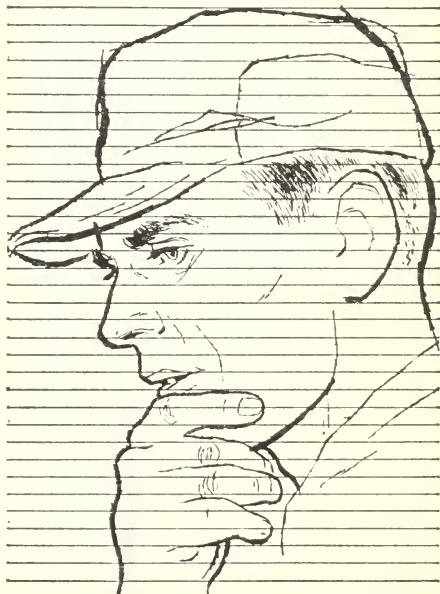
According to the first nationwide survey of nearly all kinds of farm debt (the 1960 Census Sample Survey of Agriculture), farmers in debt generally share several characteristics.

Most use credit, and leases, to expand their operations and boost their incomes. They apparently are more energetic and aggressive—more willing to take risks and less willing to work only with the assets they own outright—than farmers without debts.

Debt-free farmers in 1960 were in the minority; they were mostly on the smaller farms and had lower incomes from farming.

Over two-thirds of the farmers with average holdings of more than 180 acres were in debt. But debt-free farmers' percentages rose on smaller acreages. They accounted for 38 percent of farmers holding 100-179 acres, 46 percent in the 50-to-99-acre class,

**Whether Bane
or Blessing,
Most Farmers
Owe Money**



and 53 percent of those operating less than 50 acres.

The story was similar when net cash incomes from the sales of farm products were considered. Over two-thirds of the farmers making \$3,000 or more in 1960 owed money. The share dropped to 61 percent for farmers making between \$1,000 and \$2,000, and to 56 percent for those making less. Nearly three-fourths of the farmers who lost money in 1960, however, were in debt. Chances are, many in this group had losses because of some temporary difficulty, such as drought or low farm prices.

All this is not meant to imply that a farmer will automatically earn more if he borrows more. Some farmers are less capable than others of using loan funds constructively.

Average debts of farmers in 1960 exceeded their net cash incomes from farm product sales the same year. Farmers earning \$15,000 or more during the year had debts averaging nearly \$37,000. Those earning \$7,500 up to \$15,000 had nearly \$14,000 in debts. For the next level of earnings, \$5,000-\$7,499, debts were a little over \$10,000. For lesser incomes, debts ranged downward from about \$7,000. But operators showing a net loss had average debts of nearly \$11,000; in other years many of these operators probably had good-sized earnings.

Were farmers getting too deep in debt in 1960? In comparison with other groups in the population, farmers as a class were only lightly indebted—both in relation to the value of their land and buildings and in relation to their incomes.

Of course, some were in over their heads, but not many. For example, only 10 percent of the owner-operators had major real estate debts as great as 50 percent of the value of their land and buildings. What's more, an absence of major real estate debt applied for 56 percent of the owner-operators.

Looking at the debt-burden situation another way, about 15 percent of all commercial farm operators, including tenants, in 1960 had total debts equaling or exceeding 750 percent of their net cash farm incomes. Included in this group were those who lost money during 1960. In contrast, 36 percent had no debts of any kinds.

These figures suggest that heavy indebtedness in 1960 was borne by only 10 to 15 percent of the Nation's farmers. Also, given a continuation of farm incomes at the 1960 level, the data show there was then a large potential for relatively safe step-ups in borrowings if made wisely by debt-free or only lightly indebted farmers.

Even the most onerous debt loads apparently didn't run many farmers out of business. Collections of farm loans were generally excellent in 1960. And foreclosures were few.

Subsequently, the repayment record of farm loans has remained excellent, according to recent reports of lending agencies.

Moreover, despite rising land values that have made it easy for heavily burdened farmers to sell out and pay off their debts, few of them have so opted. Foreclosures and transfers of land to avoid foreclosure have been holding at the low rate of less than 0.5 percent of all mortgaged farms.

Most farmers have obviously handled their debts well, although total farm debt since the end of 1960 has gone up nearly 60 percent.

If changes in agriculture keep cropping up at the rapid pace of recent years, as seems likely, farmers' credit needs will remain strong and farm debt will keep rising. Most expansion-minded farmers, or persons beginning to farm, simply will be unable to meet their rising needs for capital out of their own savings.

Economic Research Service

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

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KUDOS FOR CROP REPORTS . . .

Here's a sampling from around the country:

From the Arizona Farmer-Ranchman—

This year, the Statistical Reporting Service of the U.S. Department of Agriculture is a century old. Its Arizona division, which we know as the Arizona Crop and Livestock Reporting Service, is half a century old.

Here the University of Arizona is joining in the general observance as an actual participant in activities so essential to the welfare of agriculture. Under an agreement of understanding dating from July 1, 1965, the University of Arizona is cooperating closely with the Crop Reporting Service in the collection and dissemination of agricultural statistics.

Arizonans are getting better service to help them plan both production and sales.

The Southern Planter Says—

Few arms of the Federal Government have reached deeper into the rural community to obtain dedicated volunteer workers; none has rendered a more useful service to the total industry of agriculture, none enjoys greater confidence and respect than these continuous agricultural statistics on production of major crops, livestock numbers, and farm prices which began in 1866. The accuracy of these estimates has no parallel in this country.

In Its Grain and Bean Bulletin, the Michigan Elevator Exchange Asks—

Should navy bean acreage be increased? Is this the right time to start a sweet cherry orchard? Does the national outlook warrant expanding the production of milk?

Factual information is available on those three questions today. This was not always so. Up until a hundred years ago this month, when the Crop Reporting Service was born, there was no source of State or national economic information about agriculture.

The Dairy Record Adds Its Praise—

Only a dedicated group could accomplish what the Reporting Service has made possible for farmers and those connected with agriculture. To our knowledge there never has been a

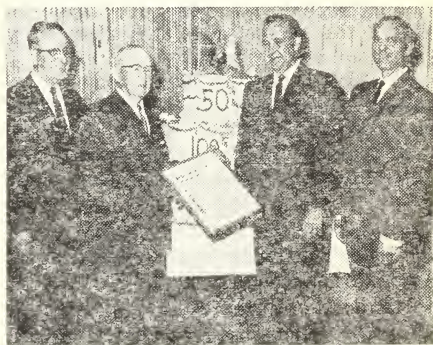
breath of scandal against anyone in the Service even though there probably have been many attempts by unscrupulous people to tempt individuals with bribes to release information to them. It is truly a remarkable record.

The Southwestern Miller Says—

Millers and the grain trade are happy to pause amid the exciting wheat markets to join in tributes to the crop reporting system of the Department of Agriculture, which has just entered its 100th year. The centennial is being observed with enthusiasm, for the crop reports now being compiled under the leadership of the Department of Agriculture rank as the most accurate and most comprehensive in the world.

The National Broiler Council Editorializes—

With many NBC members supplying and using these agricultural estimates, we take pleasure in joining all those who, this year, are paying tribute to the 850,000 cooperating reporters, farmers, and agribusinessmen, who supply the basic information essential to the estimating program.



The Federal-State Crop Reporting Service was recently cited by the New Jersey Agricultural Society, the Nation's oldest farm organization, for its achievements during the past century. Glenn Simpson, Chairman of USDA's Crop Reporting Board, accepts the citation from Michael Klein, outgoing president of the group. At left is New Jersey Secretary of Agriculture Phillip Alampi; right, William Fluke, Statistician of the New Jersey SRS office.

Cotton Gins Hurry To Handle the Crop

Mechanization on the farm can bring about changes and problems in related industries, as cotton ginneries can readily attest.

The cotton harvest season has been sped dramatically. Mechanical cotton harvesters have increasingly replaced field hands. Producers can get their crop to the gin with hardly a delay.

Ginneries used to schedule their operations over a fairly long harvest season. But now all the cotton seems to arrive the same day. So ginneries are faced with much bigger daily volumes during a shortened season.

To keep their farmer customers from waiting around too long in the gin yard for their cotton to be handled, many ginneries have added extra processing and storage facilities. And increasingly, they have turned to larger and faster ginning equipment.

This latest development, although providing more satisfactory service, is

accompanied by increased power requirements, raising the costs of ginning.

A recent study emphasizes the cost differences between the new high-capacity gins and conventional ones.

Information on power requirements and energy consumption was obtained from high-capacity gins in west Texas and California.

Average production rates for the high-capacity gins exceeded those for conventional gins by about 23 percent in west Texas, and by 17 percent in California.

However, power requirements while operating were 29 percent greater for high-capacity gins in Texas and 14 percent greater in California.

Accordingly, power costs per bale produced in the high-capacity gins averaged nearly 16 cents greater in Texas and more than 9 cents greater in California.

Economic Research Service

HALF THE COTTON FARMS MADE MORE But Most Also Paid Out More in 1965

Incomes on cotton farms improved or deteriorated last year, depending on where the farms were and what they produced besides cotton.

Out of 10 cotton-type farms in 6 major regions, 5 had higher net incomes than in 1964, 5 had lower incomes. And 9 out of 10 had higher costs.

The incomes ranged from 10 percent below to nearly 90 percent above their averages for the last 10 years.

Cotton-specialty crop farms averaged the largest net income, \$83,655; small cotton farms on the Mississippi Delta had the smallest incomes, \$2,374.

Record-high net incomes were received on peanut-cotton farms in the southern coastal plains region, averaging \$6,583, and on cotton-specialty farms in the San Joaquin Valley, where the \$83,655 income was highest in about a decade.

In 1964, cotton farms in the high plains of Texas suffered from a severe drought, and their incomes the following year went up sharply—a 425-percent gain on nonirrigated farms.

However, net incomes in 1961 and 1963 had been higher than in 1965.

Larger investment in mechanical power and equipment, higher prices per acre of land, and some increased acreages raised total value of farm capital per farm on all farm types. And all benefited from the added investment, which tended to reduce hours of labor and increase productivity.

Total Government payments of various kinds—cotton, agricultural conservation, feed grain, and wheat programs—also increased over the previous year on all the typical farms.

The percentage of total acreage skip-rowed in 1965 was about 2 percent in South Carolina, 10 percent in Alabama, 28 percent in Mississippi, 33 percent in Texas, 53 percent in Arizona, and 38 percent in California.

Nationally, about 23 percent of the entire cotton acreage was skip-rowed—a good system for getting higher yields, improved soil and water conservation, and added participation in the Government cotton program.

Economic Research Service

HUNGER NO MORE

Linkup of Usual, Novel Ideas Might Make It So

Can world food supplies be expanded enough to eliminate hunger? Many scientists feel that the potentials are very large indeed.

For example, U.S. agriculture in the postwar years has met a demand expansion with little change in total resource use, a substantial decline in the use of labor, and with a downtrend in prices, except in 1965 and 1966.

In our appraisals of the future, we have usually underestimated the possibilities. We know that use of fertilizer can greatly increase plant yields. And applications per acre can, and likely will, increase at present price-cost relationships. The trend to planting in narrower rows for some crops and areas will also tend to increase yields, perhaps as much as one-tenth.

Plant breeding constantly expands the output potential of agriculture. There may be some upper limit on yield boosts due to plant breeding, but technological developments persistently extend this upper limit.

In addition to investigating the more usual methods of increasing food output, scientists are studying some of the "far out" possibilities.

Diet modification: Dieticians tell us that our food needs can be met with a specified intake of calories and eight or nine other essential nutrients. From such recommendations and a number of least-cost foods providing essential nutrients, economists can compute simple minimum-cost diets.

One such diet, an overdrawn example for illustrating the possibilities, consists of flour, cabbage, spinach, dry beans, and evaporated milk. Most of us probably would need to be starving to take such a diet for long, even if it was good for us and cheap. Nevertheless, although it greatly oversimplifies what we may consider adequate, it suggests some big possibilities for extending our capacity to feed more people.

Better use of plants: The transformation by plants of carbon dioxide and

water into energy takes place on an immense scale. If digestible, this energy would support many times the present world population.

We and our animals use a few cultivated plants which account for about a fourth of annual production. We eat about a fifth of these plants and share a portion of them with animals and the myriad others, like pests, insects, and fungi. As a result, we may be using only about 5 percent of the annual energy created.

Using more plant proteins: Plant proteins can be made into meatlike products or liquids high in protein and fortified with other nutrients. On good central U.S. land, we can produce around 700 pounds of protein per acre.

Much could be done, too, in building diets around the most efficient crops. Potatoes and sugarbeets, for example, produce more calories per acre than cereals. And recent work on a high-lysine corn—with about twice as much of this important amino acid—shows the vast opportunities today for enhancing the quality of our food and feed output.

Better plants: Some single-celled chlorophyll-bearing algae of the sea are reported to be more than 100 times as efficient in the use of solar energy as a field of corn.

Similarly, the leaves of many plants are substantial sources of energy and protein. But many of these plants must be processed before being used for human food. Taste is poor, and processing apparently isn't feasible now.

Scientists are attempting to unravel the "miracle of the green plant" to better understand and use this receiving set for solar energy.

This is by no means a complete listing of the possibilities. There are many new breakthroughs in the development of inexpensive synthetic proteins and other foods. Cloud seeding and desalinization are possible new sources of water.

We usually tend to be conservative in appraising developments such as these. The seemingly ridiculous possibilities of one generation may be common-place in the next.

Rex F. Daly
Economic Research Service

AGRICULTURAL MARKETS IN CHANGE

USDA recently issued a major report, Agricultural Markets in Change. To order a copy, write the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Enclose \$2.50 and specify the title and its number: AER-95.

It is a major work because it delves deeply into a complex and controversial subject—the U.S. agricultural marketing system. The report contains much food for thought, as the following excerpts demonstrate:

The much faster growth of dollar volume in the food marketing sector than in the farm sector suggests that the demand for food services, and also the supply, may have expanded approximately two to three times as rapidly as the demand for food alone.

... Most attempts to understand and to measure the relatively rapid growth of the marketing bill ... have supported the general hypothesis that with rising income, consumers spend more for food services than for food.

The rapid growth of the marketing bill relative to the growth in the farm value has caused concern among farm interests. These groups hypothesize that if the marketing bill could be reduced, the farm value would be enhanced by a similar amount. This is difficult to prove, however ...

With the possibility of various degrees of substitution between food and associated services, a reduction of the farm-retail spread will not necessarily give farmers a compensatingly greater return.

The total number of plants ... processing food declined more than 21 percent from 1947 to 1963. The (average value per plant) more than doubled. The number of grocery stores declined 32 percent ... Average sales per store tripled ...

These structural changes have created the suspicion that monopolistic elements have been exploiting Ameri-

can agriculture ... However, the fact that evidence of monopolistic structures exists in some food marketing industries is no proof that any of the firms are in fact exploiting producers, consumers, or anyone else.

Research has attempted to show that a relationship exists between monopoloid structures and profits of firms. But inadequate data and insufficient methods have led to inconclusive and even contradictory results ...

... In some instances competition may have been weakened through mergers, consolidations, and other forms of power concentration. However, there have been innovations in products and processes; the geographic extent of markets has widened; market intelligence has improved; and marketing methods have become standardized. These events point to the competitive vitality in the system.

Innovations promote economic growth. Pursuit of profit keeps them coming forward. Competition spreads their effects and other firms benefit. Individuals, firms, industries, and whole economies are affected and changed. Some are helped; others are hampered. Innovations require adjustments, and those unable to adapt are left behind.

As (farm-product promotional) expenditures increase, many searching questions arise. For example: What is the impact of these expenditures on demand and how can it be measured? How can these funds be spent more effectively?

As railroads, trucks, and barges compete for available agricultural traffic, long-established rate relationships are being altered. Many processors and marketing firms are uncertain as to what relationships will emerge in the future. This uncertainty will have a dampening effect upon investments in new facilities and upon relocation of current facilities.

Economic Research Service



Computer Use Spreads in Agriculture

Computers are becoming very important tools in agriculture. They are being used in agricultural research, in programs of direct service to farmers, and in the crop reporting program in which most readers of this magazine participate.

Use of computers in research has expanded sharply in the past few years. For example, they have been used to:

- Point out production savings in rice milling operations;

- Aid in judging whether to buy or raise replacement dairy heifers;

- Project likely areas where beef herds will be increasingly concentrated.

And when it comes to helping farmers with their paperwork, computers can be real assets, as the 10,000 farmers who participated in some system for computerized farm records last year can readily attest. Some such services are offered through experiment stations

and extension offices. Others are provided by farm and producer organizations, and by trade groups.

So far, there has been little work on decisionmaking analysis for individual farms. But many groups that offer computer services to farmers are adding, or plan to add, some type of predictive programing to go along with their other services.

The data-handling capacity of SRS' Crop Reporting Board has recently been expanded considerably to cope with the complex needs for specific and more timely reports.

Much information sent in by voluntary crop reporters is now handled on automatic data processing equipment. And SRS' new Washington Data Processing Center helps speed the analysis of national figures.

*Economic Research Service
Statistical Reporting Service*

Versatile, Economical, Available . . .

POULTRY HITS THE SPOT WITH SHOPPERS

Today's housewives have helped change the old saw about a chicken in every pot into practical reality. Just substitute the barbecue grill for the boiling pot of Depression days and the cliché rings true.

The ladies have flocked to the poultry counter increasingly in recent years.

Producers, pleased with the trend, have been pumping up output. Broiler production in 1966 is up for the 20th straight year. Turkey growers are also turning out a record crop. Rising production efficiency has kept poultry prices reasonable.

But price hasn't been the only thing keeping consumers coming back for more. The availability of packages with only selected parts of birds has been a factor. Because of attractive shelf displays and bargain prices, impulse buying has also entered in. And the housewife has undoubtedly bought more on sale days, and put the excess in her home freezer.

These were some of the major findings of a nationwide survey made in 1964 of rural and urban housewives. Virtually all the homemakers (97 percent) had served broiler-fryers during the preceding year.

This represented a gain over the 93 percent who had likewise responded to a similar survey in 1956.

Since the earlier survey, price seemed to be the major factor stimulating consumption. Also, housewives apparently served broiler-fryers more on weekdays and during the winter than previously. The growing popularity of outdoor cooking likely had a favorable effect on consumption, too.

Most homemakers believed that broiler-fryers had improved over the years. When they were asked to compare broiler-fryers today with those available 8 to 10 years ago, far more of the homemakers than previously gave favorable comments.

About three-fourths of the homemakers questioned in 1964 had served turkey during the preceding year, an increase of 11 percentage points over 1956. Most women, however, still served turkey only one to three times a year.

About twice as many women in 1964 as in 1956 reported that they had bought frozen turkey in the preceding year.

Statistical Reporting Service

ANALYZING THE OZARKS

Improving the "three R's" and re-training for new skills are needed in the Ozarks to attract new industries, enhance some already there, and to make up for departures from farming and forestry.

These steps are basic in helping smooth the progress toward prosperity of some 115 rural counties in Arkansas, Missouri, and Oklahoma.

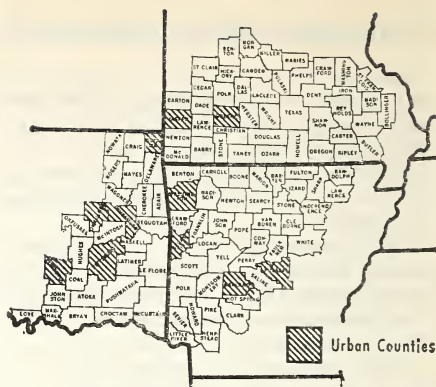
The Ozark-Ouachita area is essentially a farming and mining region. However, much of the land is unsuited to further agricultural development, and mining has made only a small dent in unemployment, despite development of local bauxite, iron, lead, zinc, coal, and natural gas resources. Even the expansion of factories has not absorbed the large numbers of workers released from the farms.

Some farming areas specialize in things like poultry and dairy and thus offer a springboard for further agricultural growth and for development of related industries. But specialized farming also requires training in specialized skills.

The problem of improving educational levels in the Ozarks is complex. Some 24 counties had an average daily attendance of a scant 1,650 in 1959-60—the smallest size usually regarded as adequate to support a high school. The small school districts in some instances can't even be combined because they are too isolated. And local economies can't raise the necessary money to provide superior educational services.

To meet the U.S. average cost per pupil of \$375 annually in 1959-60 would have demanded an extra \$55 million from the Ozarks. Further, the region would have had to thump down \$20 million more that year just to match the U.S. average capital outlay for education.

Retraining an estimated 40,000 underemployed persons, at \$1,700 a trainee for a year, would scale \$68 million. There's a great need to qualify the underemployed and unemployed of the region to become part of the regular labor force. But only slight progress



has been made in narrowing the gap between educational levels and labor requirements. Programs better than in most other regions are a must to bridge the gap.

Improved education and retraining for needed skills will produce more skilled workers both for the migrating population—many of whom leave the region but have trouble finding truly gainful employment—and for those who stay in their home areas. A superior regional work force can help develop more efficient farming; it can also attract investment funds for new business.

The region abounds in timber sufficient to develop expanded forest product industries. But there are problems—small sizes of nonindustrial private holdings and their inadequate management, and a current lack of local markets for pulp. Also, there are high costs of transport, and a depressed market for sawtimber.

The best candidates for development in the region are large tracts for recreation centers.

Outdoor recreation offers a chance to retain many of the lower skilled workers in gainful work, adds capital for regional investment in modern farming, and generally helps strengthen the rural economies.

But to develop even this industry, which is natural to the area, to the point where investment is available for other facets of the economy, ground-work should be laid locally.

Zoning is needed to preserve property values and uses. Some local services need to be improved, others added. Further, some new legislation would be desirable for public services.

Economic Research Service



Based on Information Available October 4, 1966

LESS COTTON OUTPUT

A sharp reduction in the U.S. carryover of cotton is in prospect for the 1966-67 crop year. Stocks of all kinds of cotton may be down about $3\frac{1}{2}$ million bales from the record high of nearly 17 million this past August. The anticipated reduction is based on a smaller crop and a larger disappearance. The 1966 crop is estimated about one-fourth below last year's crop, and the smallest since 1957.

MORE COTTON USAGE

Combined mill consumption and exports of all kinds of cotton this marketing year are expected to exceed $14\frac{1}{2}$ million bales, up from 12.4 million in 1965-66. U.S. exports may total around 5 million bales, up from last year's total of only 2.9 million bales.

LESS TOBACCO OUTPUT

This year's production of flue-cured and burley—the big volume cigarette tobaccos—is below anticipated 1966-67 domestic use and exports. Consequently, carryovers at the start of the 1967-68 marketing year will decline for the second successive year from their record 1965-66 levels.

MORE CIGARETTES

U.S. cigarette output in calendar 1966 is estimated at a record 570 billion—13 billion above 1965. U.S. cigarette consumption (including armed forces overseas) may be up 2 percent.

SAM STAT SAYS "RUN THAT BY AGAIN"

A Recap of Recent SRS Reports . . .

REFRIGERATED WAREHOUSES

The gross storage capacity of refrigerated warehouses in the United States (excluding Alaska and Hawaii) was 1,199 million cubic feet on October 1, 1965, according to the 23d biennial survey made by the U.S. Department of Agriculture. This is 8 percent more than on that date in 1963. Freezer capacity was 643 million cubic feet, 11 percent larger than in 1963. A 5-percent increase in cooler space raised the national cooler capacity to 556 million cubic feet.

SMALLEST CROP

The 1966 production of sweetclover seed is forecast at 16,205,000 pounds. The indicated crop is 9 percent less than last year and 31 percent below the 1960-64 average. Production is below last year in all States except Illinois, Michigan, and Minnesota.

MUSHROOM OUTPUT

The USDA has begun a program of mushroom estimates which, in this the

first year, covers Pennsylvania, Maryland, and Delaware. The results of this first survey: 95,040,000 pounds of mushrooms were produced in these States during the crop year July 1, 1965, to June 30, 1966. About 85 percent was produced in the Kennett Square area of these States. Total value was \$29,107,000 or 30.6 cents per pound.

POTATO USE

Movement of potatoes for fresh market from the 1965 crop totaled 138.0 million hundredweight, 9 percent above a year earlier but 6 percent below 1963. The quantity processed for food products (excluding starch and flour) was 92.3 million, 39 percent above a year earlier and 48 percent above 1963. Usage for starch and flour was almost triple the small volume used from the 1964 crop.

MORE BENTGRASS

Production of bentgrass seed in Washington and Oregon is forecast at 8,132,000 pounds. This would be 3 percent larger than last year, and 17 percent larger than the 1960-64 average.

HOP STOCKS HOP

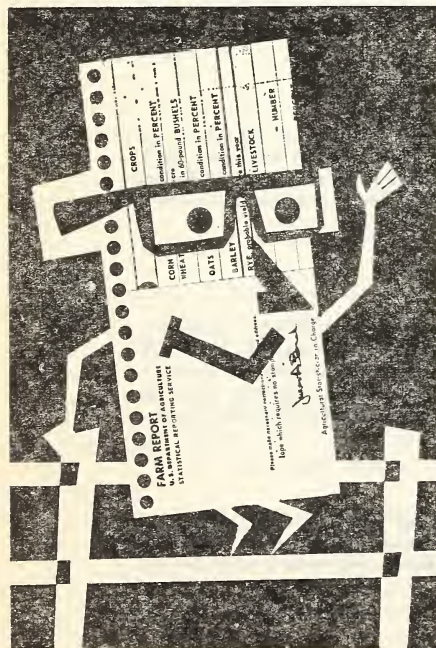
As of September 1, stocks of hops in the United States totaled 24,710,000 pounds (including equivalent pounds of dry hops in the form of extract). These stocks were up 12 percent from a year earlier.

TEENS' PREFERENCES

Cotton clothes are cool, easy to wash and iron. They hold up well and don't irritate the skin. Woolen clothes are warm and resist wrinkles. They are also soil resistant and durable. Clothes of cotton-polyester are wrinkle resistant and easy to iron.

Those were some of the nice things teenage boys and girls said in a national survey.

Cotton and wool, along with cotton-polyester blends, were the most frequently owned and preferred materials in the garments teens were asked about.



FILLING THE BILL: EEC FARMERS NEED OUR FEED GRAINS

The European Economic Community citizen's taste for meat and the cash to satisfy it have teamed up to produce a prosperous purse for U.S. feed grain farmers.

Consumption of meats in the six EEC nations—France, West Germany, Italy, Netherlands, Belgium, and Luxembourg—has increased markedly in recent years. But at the same time, these countries have remained deficient in grain production. These factors combined to bring \$360 million worth of U.S. grain and grain products to European cattle feeders in 1963.

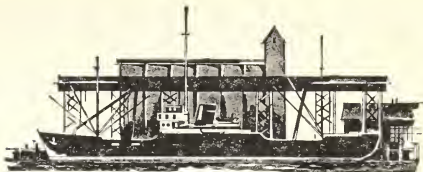
The Community has been running on a net basis between 9.5 and 10.5 million metric tons short of grains each year in the past decade. West Germany has constantly faced the greatest deficit, with the Italian gap almost as large. Until 1960, Italy was nearly self-sufficient, but advancing demands swung it into the grain importer column. In contrast, France, a surplus grain producer, saw supplies expand in the 1951-63 period.

Meat garnered a larger share of the EEC menu because of increasing prosperity in each of the member countries. Total meat consumption per person rose to about 54 kilograms in 1961, a gain of more than 17 percent from 1956.

The Community was just a shade shy of being self-sufficient in meat production between 1956 and 1963, and imports held a small share of the market. Only West Germany and Italy increased meat imports in those years. Imports by France changed from a major to minor role, while the Netherlands boosted exports. However, continuing strong demand brought EEC net imports of meat and livestock up to 1.2 million metric tons in 1964 from 670,000 the year before. Imports this year may be higher.

The EEC represents the most important commercial overseas market for American farm products. The future size of this outlet will depend heavily on EEC policies affecting imports.

Economic Research Service



EXPORTS FOR DOLLARS HELP STEM GOLD FLOW

The U.S. balance-of-payments deficit in 1965 was the lowest in 5 years, attributable partly to the rise in our commercial agricultural trade surplus.

At the end of 1965, the deficit was \$1.3 or \$1.4 billion (depending upon whether being viewed on the official reserve transactions basis or on liquidity). In 1964 it was \$1.5 or \$2.8 billion.

Total U.S. exports, commercial and noncommercial, tallied \$26.2 billion last year. And agricultural products accounted for \$6.2 billion, or 24 percent.

Imports, after declining in 1960 and 1961, rallied in 1962 and have been sustained by the current period of economic growth. In 1965, total imports were \$21.3 billion, of which \$4.1 billion, or 19 percent, were agricultural products.

Because total imports rose 14.4 percent last year, and exports went up only 3.6 percent last year, the overall merchandise trade surplus declined to \$5.7 billion from a high of \$7.4 billion the previous year.

Though commercial agricultural exports advanced 2.3 percent last year, total farm exports declined slightly due to reduced shipments under Government programs. As a result, the agricultural trade surplus shortened, but by a much narrower margin of only 5.5 percent than the 26-percent shrinkage in the total trade surplus.

Both commercial exports and imports of farm goods are expected to rise this year. Farm exports under Government programs are also expected to increase, in contrast to last year's drop.

The critical importance of our agricultural trade surplus is underscored by the forecast that total 1966 exports will advance about 5 percent while imports may increase 14 percent, further reducing the overall trade surplus.

Economic Research Service

UPS AND DOWNS PAR FOR HOGS

As Price, Output Go Separate Ways

To a teenager a cycle might mean something to ride on. But to a hog producer it's what he lives by.

When hog slaughter is up, prices are down. This condition, the producer well knows, may last a couple of years, then be followed by a like period of light slaughter and improved prices.

That's not the only kind of hog cycle the farmer stays up late nights worrying about, either. He also has to consider the production-price changes that occur within each year.

These types of recurrences usually bear the label of seasonality—changes that can be expected from month to month or between seasons of a year.

Such changes have developed mainly because of the nature of the hog business. For example, spring is still the most favored farrowing season. This influences slaughter the following summer and fall. Slaughter rates usually range below annual averages during summer and above in the fall and winter.

The seasonal nature of production is important, but it only partly explains

the changes in hog slaughter and prices in any given year. Variations also occur because of longer production-cycle changes and trends in demand.

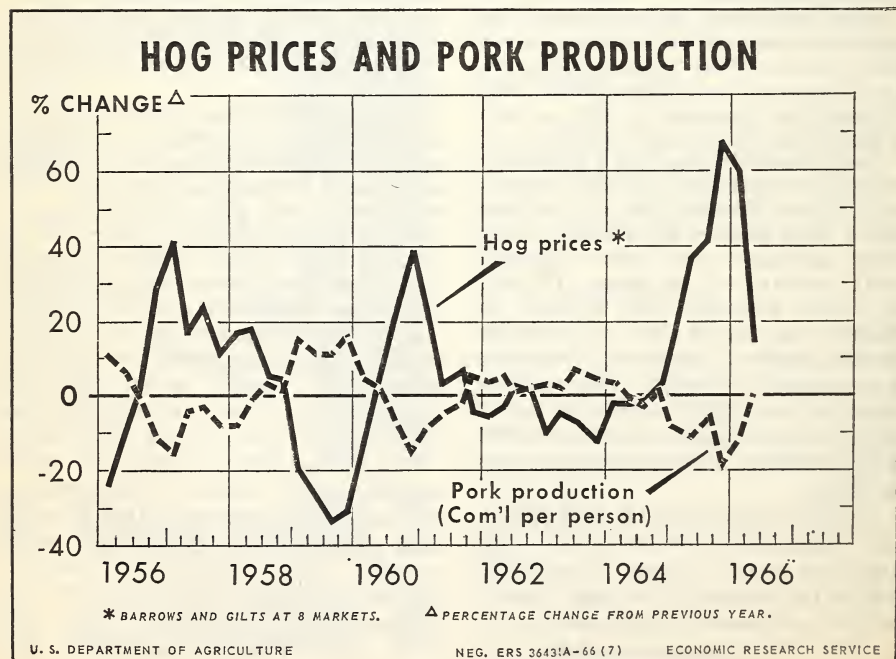
October is usually the biggest marketing month, when hog slaughter under Federal inspection averages 12-13 percent above the 12-month average. The kill is usually most meager in July, down about 18 percent from average.

But this only presents the general hog-slaughter picture. Break it down by types of hogs, and you get a sharper idea of the seasonality.

Sows hit the market shortly after the end of the main farrowing months of March-May. Sow slaughter peaks during the summer, reaching 40-45 percent above the annual average in July. February is the low month, 35-40 percent below average.

Barrow and gilt slaughter, in contrast, is low in the summer, because of few farrowings the previous winter. Barrow and gilt slaughter drops nearly a fourth below average in July, then goes 15 percent above in October.

Hog prices respond to the number of



hogs slaughtered and the demand for pork. Thus, prices are usually highest in the summer—when barrow and gilt slaughter, the big-volume item, is low. Prices are normally lowest in the fall when slaughter is large.

The average price of barrows and gilts at 8 markets typically goes about 12 percent above the annual average in July, and then declines to 4-5 percent below average in the winter.

However, since the price is more affected than slaughter by other factors, seasonality is a better tool in predicting production than in forecasting prices.

Donald Seaborg
Economic Research Service

A GRAIN SCOOP IN COWBOY'S FUTURE?

Range country nowadays is getting more expensive, partly because of rising demand for red meat and partly because of the good long-range outlook for cattle producers.

At the same time, cattlemen face the task of raising their production efficiency; ranching returns have historically been rather low in relation to investment.

With this in mind, you can see a likely trend coming in the producing of feeder cattle: Increasing dependence on concentrated feeds and perhaps less on grassland.

Yet it doesn't necessarily follow that range cattlemen might as well start packing their bags for the Corn Belt. Instead, you'll likely see more subtle changes, like the development of better range management techniques and the increasing combination of grain sorghum output with grazing programs to boost range capacity; likewise, the shipping of other grains to range country to supplement homegrown output.

If the cowman is indeed destined for more work with the grain scoop and less with the saddle, might he not also proceed to go the whole route, and fatten out the stuff he raises?

Probably not. Since his biggest asset is his rangeland, he'll likely use grain only to make his calf operation more efficient.

Feedlot operations in the intermountain West, however, are beginning to account for a somewhat larger share

HOG NUMBERS ARE GAINING

More pigs this fall. And more later on. That's the gist of SRS' most recent pig crop report.

However, moderation rather than glut seemed to be the tone of the report, as the number of hogs and pigs on farms in 10 Corn Belt States on September 1 numbered 7 percent above a year earlier but 6 percent below a couple years ago. Also, all the States had increases, ranging from 5 percent each for Wisconsin and South Dakota up to 9 percent for Ohio.

The number of swine being kept for breeding purposes was up 4 percent from a year earlier on September 1.

At the start of this past summer, farmers in the 10 States stated intentions to increase farrowings in June-August by 9 percent over the year-earlier level. The actual pig crop was up 7 percent. State increases in farrowings over the 1965 rate ranged from 2 percent in Indiana to 14 percent in Wisconsin.

Sows bred and intended for farrowing in September-November 1966 number 6 percent above a year earlier. Back on June 1, farmers' intentions for farrowings during this period had been a percentage point higher.

Growers' plans for the coming December-February quarter call for a 6-percent rise in farrowings over the year-earlier level.

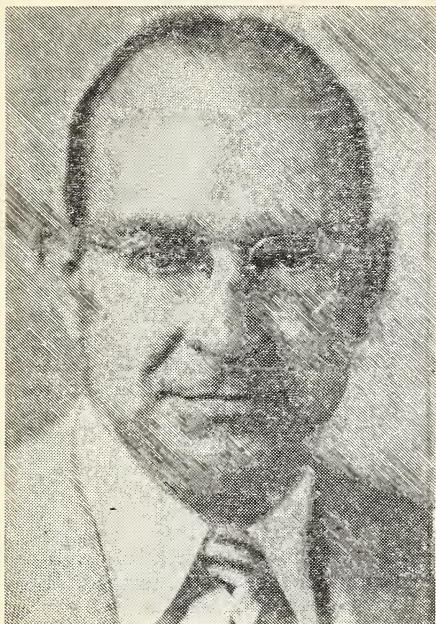
of the total feeding picture.

Nevertheless, a big shift to feeding hardly seems likely in the region because of its limited potential for production of concentrated feeds. And present transportation rate structures augur against big-volume shipments of grain into the area to support an expanded feeding industry.

All this seems to bode well for the Corn Belt's retaining its status as the leading feeding area for cattle.

Willis E. Anthony
William C. Motes
Economic Research Service

MEET THE STATE STATISTICIAN . . .



WILLIAM BAIR

the State's Statistician in Charge for about a decade.

Betty and Bill met and married while he was stationed in New England. Mrs. Bair is the former Betty Lyons and is a native New Englander. Bill is a keen camera buff, spending much of his limited free time on this hobby.

Bill has been known throughout his career as one of the most efficient men in the profession. He runs a tidy shop and has, always at his fingertips, most of the latest data about New York and its farm products.

New York conjures up in one's mind great industry and commerce, great urbanization—the Empire State.

"But," Bill says, "New York State is hardly all city. It is a leading farm area, too," where marketings sing out to the tune of nearly a billion dollars a year in dairying and the production of fruit, vegetables, potatoes, maple sirup, poultry, eggs, and Long Island ducks.

New York ranks 14th among States in the value of annual farm marketings.

However, despite this high level of production and marketings, most of its farm products are consumed locally.

Bill tells us the farming regions of New York extend from Long Island, some 100 miles east of New York City, into the north and west nearly 400 miles to Lake Erie. Although there are a number of important farm areas, dairying is extensive in most of them. Other important farm products and the areas of their most important production are: Apples, grown in the Lake Ontario, Lake Champlain, and Hudson Valley areas; grapes in the Finger Lakes; and potatoes, ducks, and garden vegetables raised on Long Island.

Besides its diversified commercial farming, New York has been a pioneer in successful recreation farming—boasting a gamut of resorts from the shores of Long Island where fishing abounds, through the Catskill and Adirondack Mountains where hunting, trapping, stream fishing, and skiing go hand-in-hand with luxury hotel living.

The switch from dairy production to dairy statistics was easy for Bill Bair, whose earliest memories are of milking cows on his dad's general farm in Bourbon, Ind., where he was born.

Today William I. Bair is Statistician in Charge of the New York State Crop Reporting Service. In New York, dairying is the leading farm operation.

Bill Bair's calling was tempered, after his Hoosier boyhood in Marshall County, on the campus of Purdue University where he majored in agricultural statistics.

After graduation, he packed up his tables of logarithms and went to work as agricultural statistician with the Indiana Crop Reporting Service. During the next 3 years he served in a series of assignments with the crop reporting services of several Midwestern States.

Then in 1938, Bill headed for the New England Crop Reporting Service in Boston, where he made his home for the next 6 years.

In 1944, Bill transferred to the Crop Reporting Service in New York State with his family: Wife Betty, daughters Janet and Elaine, and sons Dick and Eddie. They have lived in Albany for the past 2 decades. Bill has been

We get interesting reader comments now and then that we like to share with others.

The Centennial issue of this publication in July drew many responses, all favorable. Some, in fact, fit in just about ideally with that issue's theme of remembering the past and looking ahead. Here's one that seems especially appropriate:

I rather believe we have received "Agricultural Situation" for 50 years, and we read it and it's useful. Your 100th Birthday edition was splendid.

I am old enough, alas, to remember farming as it is pictured in one of your stories, which means I am safe from the draft.

I spent some very happy days of my youth on a farm that produced fruit and alfalfa hay. This farm bore no more resemblance to the food factory of today than I do to Cary Grant.

My grandmother used to raise a fuss with the country storekeeper when round steak was over 18 cents a pound. Eggs were 10 to 12 cents per dozen. Our living on the farm came from the farm. My grandfather would pick and pack a carload of apples and send them to Chicago, where, generally, the market would break the day of arrival.

We had no money, per se. Hay brought \$5 to \$6 per ton, cash. Hired men could be had who brought their own lunch for \$1 per day, started at 6 a.m., 1 hour at noon, and on to 5 p.m. In those days we preserved our own fruits and jellies, raised our own vegetables, and our own pork and poultry, and with the exception of a few items we were not much of a market.

Small boys, such as I, were the Briggs and Stratton engines of the time, portable power stations. On Mondays we turned the washing machine until our ears fell off; on Tuesdays we churned the butter, for 2 hours or so, and then we turned the grindstone to sharpen the mower, and then the handle on the apple chopper on the cider mill, then the crank on the sprayer, ad infinitum.

As you can plainly see, I enjoyed the issue, with thanks.

E. W. Mitchell
Roswell, N. Mex.

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Editor: Ben Blankenship



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